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Nebraska Farm Real Estate Market Developments 1984-85

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1984-85

The Agricultural Research Division
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Institute of Agriculture & Natural Resources

NEBRASKA FARM REAL ESTATE

MARKET DEVELOPMENTS IN 1984-85

by

Bruce B. Johnson & Ronald J. Hanson*

July, 1985

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The authors express their appreciation to the survey reporters for their participation in completing and returning the Nebraska farm real estate market survey questionnaire. Without their efforts and interest, the availability and publication of the data within this report would not be possible. Special thanks is also extended to the Federal Land Bank of Omaha for providing the farmland sales data for Nebraska.

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the State and for all types of land use. The largest percentage decreases in value were reported in the East (-24.9%), South (-28.7%) and Southeast (-30.3%) Crop Reporting Districts. In terms of land use, the largest declines were for grazing land-nontillable (-26.6%), grazing land-tillable (-24.6), dryland cropland with irrigation potential (-24.6%) and gravity irrigated cropland (-24.4%) while hayland (-18.6%) decreased the least.

Results of the 1985 Nebraska Farm Real Estate Market Survey indicated that farm expansion still remains as the primary motive for purchasing land. However, lower land prices for the first time in the survey's eight year history emerged as an important factor. On the sellers' side of the market, financial problems ranked as the dominant reason (60% of all responses) for selling land. The impact of the current financial crisis across Nebraska cannot be overestimated. Just three years ago, only 14 percent of all 1982 survey responses mentioned financial stress as a reason for selling Nebraska farmland.

Survey reporters indicated that the amount of land currently being offered for sale is much higher than normal. In every region of the State, the amount of land listed for sale was perceived by reporters to be at least twice the expected amount. This excess supply situation in combination with continuing depressed income conditions and increased financial stress would suggest a further drop in land values.

Cash rental rates reported for 1985 were 10 to 15 percent below 1984 cash rent levels. Reduced farm incomes and an increased availability of land to rent have led to lower negotiated cash rents between many landlords and tenants. Although cash rents have now trended downward for the past few years, this percentage decline has been much less than the total decline in land values. Thus, annual cash rents as a percentage of the market value for land (rent to value ratio) has been moving upward in recent years.

NEBRASKA FARM REAL ESTATE MARKET DEVELOPMENTS IN 1984-85

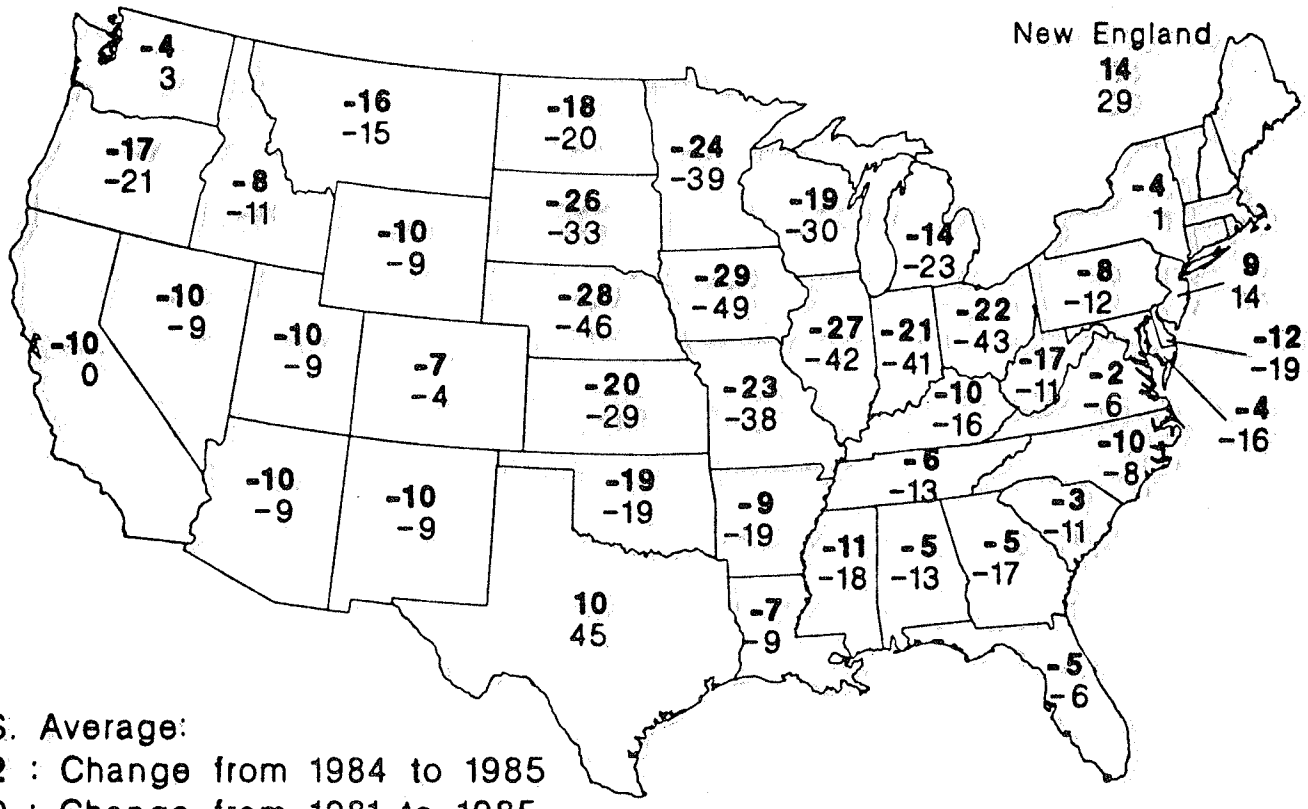
INTRODUCTION

The market for farm real estate is complex and everchanging. In addition to the uniqueness for each parcel of land, countless factors influence the nature of market participation between buyers and sellers, negotiated selling price, means of financing purchases, rate of ownership transfers, etc. Also, in the current economic environment these dynamic elements are even more pronounced.

The implications of these current trends are substantial. The level of returns to agricultural assets, the distribution of wealth and land ownership, the degree of farm financial stress and even economic survival -- all are woven into the market fabric for agricultural land.

This report attempts to provide a factual summary of the agricultural land market in Nebraska. It represents the eighth in an annual series of reports focusing on the Nebraska farm real estate market situation. Findings of the 1985 Nebraska Farm Real Estate Market Survey are presented and compared with findings of previous surveys. Other information provided in this report includes various series released by the U.S. Department of Agriculture and statistics provided by the Federal Land Bank of Omaha.

Change in Average Value of Farm Real Estate per Acre, 1984-85 and 1981-85



U.S. Average:
-12 : Change from 1984 to 1985
-19 : Change from 1981 to 1985

Based on index of average value per acre, 1977=100.

Source: Agricultural Land Values, Outlook and Situation Summary, Economic Research Service, USDA, June 7, 1985.

Figure 1

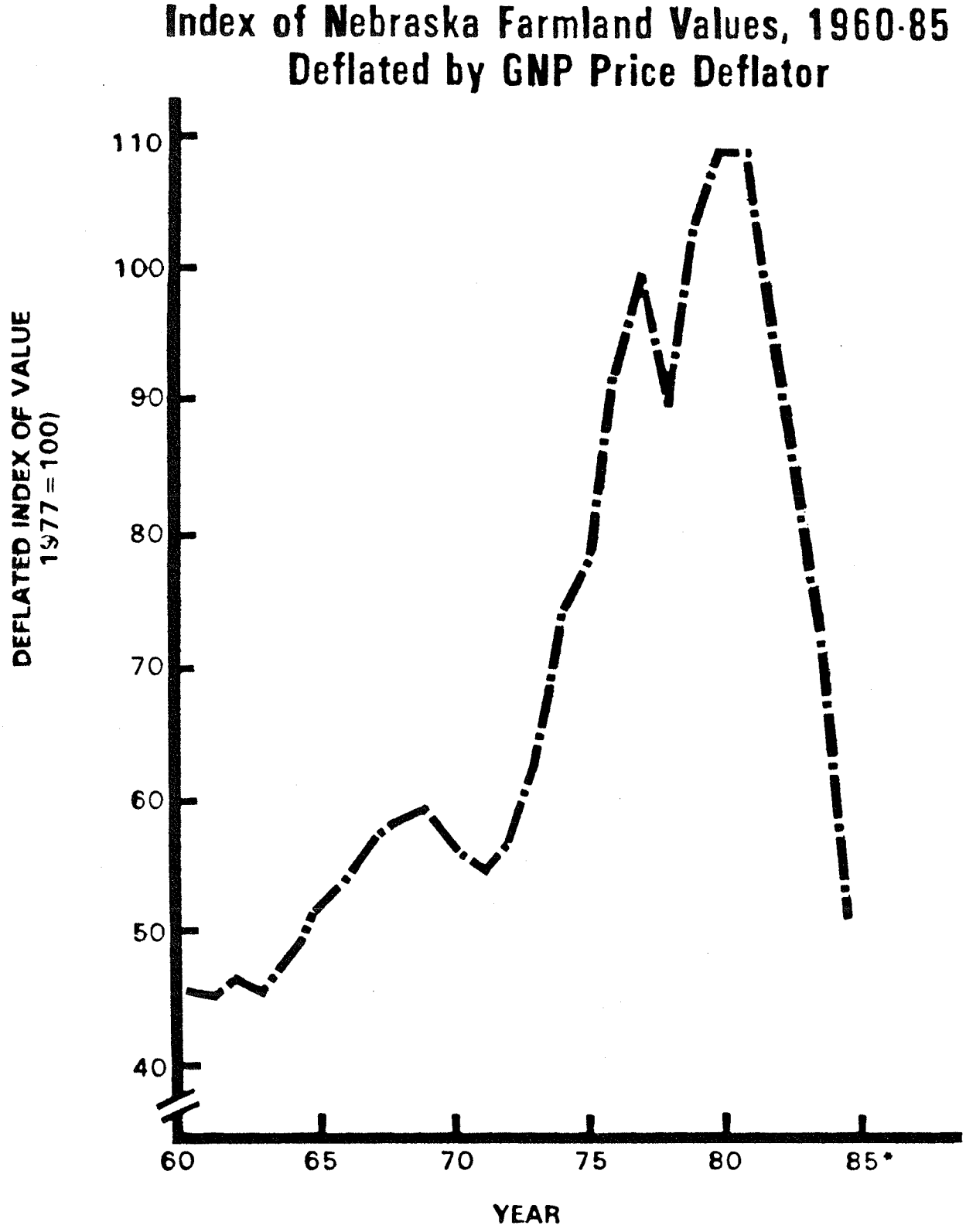

Index of Nebraska Farmland Values, 1960-85
Deflated by GNP Price Deflator
DEFLATED INDEX OF VALUE
1977 = 100)
110
100
90
80
70
60
50
40
60
65
70
75
80
85*
YEAR

Figure 2

Nebraska and throughout the entire country which was being financed primarily by debt capital.

But by the early 1980's, the expectation of continued high inflation coupled with competition of federal deficit funding for savings drove real interest rates to historically high levels. While nominal rates have recently declined somewhat, the real rates have still continued at a plateau two to three times the historic rate. As recently pointed out by Tweeten, the financial structure of the farming industry has been built around real interest rates of 3 to 4 percent; few farm enterprises yield returns sufficient to cover current real interest rate levels.[1] The consequences of this should be obvious -- income falls and, therefore, the value of the income-producing assets decline.

Figure 3 clearly points out the inverse relationship between agricultural land values and real interest rates. The farming sector is perhaps as sensitive to real interest rates as is the U.S. housing industry. Thus, what lies ahead for the agricultural land market in Nebraska and elsewhere will depend heavily upon future real interest rate levels.

Agricultural Income:

Agricultural income levels and the rates of return to agricultural assets have also experienced an abrupt turnaround from the expansion years of the 1970's. U.S. agricultural exports peaked in 1981 after growing at a compound rate of about 18 percent per year

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[1] Tweeten, Luther, "Farm Financial Stress, structure of agriculture and Public Policy", paper presented at American Enterprise Institute conference in Washington, D.C., January 28-29, 1985.

between 1970 and 1980. In part this change in the export market was due to a world-wide recession. But also contributing was the high U.S. interest rates which attracted foreign capital into the United States and, in turn, led to a strong dollar in foreign exchange. The dollar strength has continued into mid-year 1985 -- thus sharply dampening the foreign demand for U.S. agricultural commodities.

Of course, loan interest payments have also taken their toll in the farming sector. Because of (1) the rapid debt build up in the 1970's and (2) high interest rate levels of the 1980's, the farming sector now faces unprecedented debt servicing obligations. In Nebraska the farming sector paid $250 million of loan interest during 1975; by 1982, this interest obligation exceeded $1 billion.

The degree of farm income change over time can been seen in Table 2 which shows the average annual percentage return to U.S. farm assets. Historically annual income plus real capital gains (nominal gains less inflation rate) have yielded a 3 to 4 percent return to farm assets. However, during the 1970's the rate of return more than doubled, in large part due to capital gains.

Just the inverse has occurred during the 1980's. Not only has annual income declined but also real capital losses have occurred. The result has been negative returns to farm assets during the first half of this decade (Table 2).

The incidence of farm income levels falling short of debt servicing requirements is pervasive across the State. The impact on the agricultural land market is double-barreled, since it affects both the supply and the demand side. On the supply side, an excessive amount of real estate is placed on the market due to financial stress. At the same time, these very same forces reduce the number of

major expansion of agricultural exports. With expectations for continued export growth and, hence, rising returns to agriculture, farmland was regarded as a good hedge against inflation. Demand for land was bullish. For a time landowners enjoyed large capital gains from land value appreciation. Often these gains far exceeded the owners' net cash return from farming, which tended to fuel successive rounds of appreciation. However, cash flow positions were beginning to deteriorate because the net return to newly purchased land fell far short of the required interest and principal repayments. And by the late 1970's, some individuals were forced to "monetize" their capital gains on farmland by borrowing against them to refinance recurrent shortfalls in cash flow.[2]

The 1980's brought a whole new inflationary environment. Inflation was rapidly reduced. Investors saw other investment alternatives as more lucrative in light of the high real interest rates. Simultaneously, farmland values began to decline for reasons previously described.

Almost as suddenly as they appeared, expectations of growth in farm earnings and higher land values began to subside. In essence, the speculative element was dampened, as potential buyers revised their growth expectations.

Regarding the future, uncertainty about inflation abounds. While the current level is modest, many remain skeptical that it can remain so in light of massive federal deficits.

Double-digit inflation is certainly a possibility within a

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[2]Economic Research Service, U.S. Department of Agriculture. The Current Financial Condition of Farmers and Farm Lenders, Ag Info. Bulletin No. 490, March 1985.

relatively short period of time. How the farm real estate market may respond to such a situation remains uncertain. If land is again perceived as a desirable inflationary hedge, then demand may cause values to rebound. However, if real interest rates remain high and rising input costs limit improvement in agricultural income, then a new round of high inflation may not alter land values appreciably.

The Combined Effect:

The culmination of changes in real interest rates, income levels, and general rates of inflation can be seen in a simple hypothetical model. Land price (P) at a point in time is a function of current land earnings or rent per acre (R) capitalized at a rate (d-i) where d is the desired real rate of return and i is the expected real rate of increase (growth) in future earnings. In equation form the relationship is:

$$P = R/(d-i)$$

Now, assume hypothetical pre-1980 conditions in the land market in which:

current earnings = \$50/AC
desired real rate of return = 6%
expected growth rate = 2%

Given the above, the estimated value would have been \$1,250 per acre (\$50÷[.06-.02]). In other words, a bid price of \$1,250 would have been entirely rational if the associated assumptions were realistic.

With the deterioration of farm income levels since 1980, earnings of the same land could well be \$45 per acre at the present time. Also, because of high real interest rates, the desired real rate of return may have risen to 8 percent. If growth was still assumed to be 2 percent, the estimated value would be \$750 per acre (\$45÷[.08-.02]).

However, if expectations of future growth in earnings shifts from a real growth rate of 2 percent to no growth (returns just keep pace with inflation), then the value of the land could fall further to $563 per acre ($45÷.08).

Whether or not these value estimates are an accurate representation of actual conditions, the point is this: given changes in (1) earnings levels (2) real interest rate and (3) growth expectations, a value of $562 per acre may well be as economically rational as the same parcel valued at $1,250 per acre just 5 years ago. Indeed, the interacting changes within these underlying elements can result in sweeping adjustments to farm real estate values.

1985 Nebraska Farmland Values

An annual statewide mail survey is conducted each year by the Department of Agricultural Economics at the University of Nebraska-Lincoln. A reporter file is maintained which consists of some 400 individuals who are deemed knowledgeable of the Nebraska farm real estate market. The survey respondents are asked to provide current estimates of average per acre values for various land types as well as cash rental rates and other real estate market information. The survey results are then compiled and analyzed by crop reporting districts (Figure 4).

As previously noted, reporter estimates of land values as of February 1, 1985 were down considerably from estimates 12 months earlier. For the State, the all-land decline was 23.5 percent (Figure 5 and Table 3).

Large percentage declines in land values occurred in virtually every area of the State -- reflecting the fact that severe farm financial stress exists in all areas of the State. However, the degree of percentage value decline did show a pattern of increasing severity as one moves from northwest to southeast across the State. Adverse weather conditions continued to affect much of Southeastern Nebraska in 1984; and, no doubt, partly explains this pattern.

Survey findings indicated that nontillable grazing land generally exhibited the largest percentage decline during 1984. However, the array of percentage declines among the various land types was not great.

Dryland cropland which was considered to have irrigation potential showed larger percentage declines than cropland with no irrigation potential. Interest in irrigation development has diminished in recent years, and with it, the price premium that participants in the land market placed on that potential.

Table 4 presents average reported values by grade of land. The range in value between the high grade and low grade land types tends to vary from region to region, a reflection of the fact that some areas have a more diverse land productivity base.

When compared against 1984 values, the percentage changes for high grade and low grade land tended to be similar. There was no apparent pattern suggesting that high grade land held its value relatively better than low grade land during 1984.

The value decline in 1984 coupled with declines in each of the three previous years has resulted in current land values being an average of 40 percent below the peak-year levels (Figure 6 and Appendix Table 4). The total decline varies somewhat by area of the State, ranging from 34 percent in the North Crop Reporting District to 45 percent in the Southeast District.

While not revealed by these crop reporting district averages, there is no question that some localized markets were experiencing even greater adjustments from previous peak values. In situations where forced sale activity was common, bid prices often indicated land values less than 50 percent of their peak. As a further complication, such land markets are often characterized by little or no demand. This dormant state suggests that land is presently not a very liquid (easily transferable) asset, at least at price levels deemed necessary by its holders.

Table 4. Average Reported Value Per Acre Of Nebraska Farmland For Different Types Of Land And Grade By Crop Reporting District, Feb. 1, 1985.[a/]

Type of Land & Quality	Crop Reporting District							
	North-west	North	North-east	Central	East	South-west	South	South-east
	Dollars Per Acre							
Dryland Cropland (No Irrigation Potential)								
Average.....	325	237	643	340	905	365	474	612
High Grade...	455	255	810	475	1060	475	605	750
Low Grade....	255	180	485	290	595	275	370	405
Dryland Cropland (Irrigation Potential)								
Average.....	425	340	746	486	1013	504	705	723
High Grade...	550	390	865	620	1195	625	845	775
Low Grade....	335	235	585	410	760	405	555	545
Grazing Land (Tillable)								
Average.....	146	180	392	259	510	205	339	357
High Grade...	185	205	435	315	580	240	390	415
Low Grade....	130	145	315	220	395	150	255	270
Grazing Land (Nontillable)								
Average.....	94	115	258	192	341	118	236	243
High Grade...	110	145	290	235	385	145	275	305
Low Grade....	75	100	165	150	275	95	180	200
Hayland								
Average.....	261	206	332	273	470	250	258	311
High Grade...	290	260	390	330	555	315	315	380
Low Grade....	175	165	215	230	350	205	210	245
Gravity Irrigated Cropland								
Average.....	1042	817	1102	1304	1329	1010	1283	1171
High Grade...	1295	925	1250	1545	1495	1195	1440	1360
Low Grade....	765	650	835	970	1010	835	1000	980
Center Pivot Irrigated Cropland								
Average.....	691	581	875	850	1243	691	1055	1020
High Grade...	820	685	1000	1070	1415	860	1230	1140
Low Grade....	550	445	670	640	895	570	845	815

[a/] Source: 1985 Nebraska Farm Real Estate Market Survey.

(Table 5). However, lower land prices emerged as an important factor. Not only do reduced price levels impact the farmer buyer looking for an add-on unit, but also the price factor enters into the investment aspect of farmland acquisition.

This emergence of the price factor on the demand side may be a leading indicator of renewed real estate market interest, which could develop further in the coming months. If so, some stabilization in land value trends may occur.

As expected, reporters identified financial problems as the primary motive for selling land in 1984 (Table 6). Nearly 60 percent of the responses indicated financial stress was the reason for selling.

One needs to bear in mind that the whole supply side of the real estate market is altered by the current economic conditions. While some land is forced onto the market, other parcels are deliberately withheld from the market by owners who have that option. For example, land which would normally enter the market due to retirement or estate settlement may not now do so because of depressed prices. Thus, the market takes on a rather unique characteristic in which fewer and fewer transactions are what traditionally have been called "arms-length" sales.

An associated dimension on the supply side of the market is the relationship of land offered for sale to land which is actually sold. There is a general perception that an extremely large amount of farm real estate has been offered for sale in recent months, even though the number of actual sale transactions may not be up. Reporters in the 1985 survey addressed this question. More specifically, they were

Table 5. Reasons Given By Reporters Why Land Was Purchased In 1984 By Crop Reporting District In Nebraska.[a/]

Crop Reporting District	Reasons For Buying					
	Expansion of Operation	Lower Land Prices	Investment	Starting Farming	Other	Total
	Percent					
Northwest..	75	25	--	--	--	100
North.....	67	17	16	--	--	100
Northeast..	37	37	11	--	15	100
Central....	52	33	14	--	1	100
East.....	55	33	10	--	2	100
Southwest..	53	33	13	--	1	100
South.....	44	19	26	4	7	100
Southeast..	54	21	21	--	4	100
STATE.....	52	28	15	1	4	100

[a/] Source: 1985 Nebraska Farm Real Estate Market Survey.

Table 6. Reasons Given By Reporters Why Land Was Sold In 1984 By Crop Reporting District In Nebraska.[a/]

Crop Reporting District	Reasons For Selling					
	Financial Problems	Estate Settlement	Retirement or Health	Low Returns	Other	Total
	Percent					
Northwest..	52	26	9	4	9	100
North.....	56	11	22	11	-	100
Northeast..	72	16	8	4	-	100
Central....	53	25	11	11	-	100
East.....	55	32	10	3	-	100
Southwest..	65	21	14	-	-	100
South.....	60	30	7	3	-	100
Southeast..	59	27	7	2	5	100
STATE.....	59	26	10	4	1	100

[a/] Source: 1985 Nebraska Farm Real Estate Market Survey.

asked to first assume their local real estate market was an area 15 miles square. They were then asked to estimate (1) the percentage of that land base which is currently being offered for sale and (2) the percentage that would be offered under more normal market situations. Their responses did indeed indicate a much larger than normal amount of land offered for sale. On average, they estimated that about 15 percent of the land base in their local market area was being offered for sale in early 1985 as compared to about 6 percent in more normal periods. In other words, the current availability of land for sale is perceived to be about 2.5 times the historical average. This relationship was consistent across the State. In every region, reporters estimated the current level of for sale offerings to be at least twice the normal level.

Just what implications this has for the farm real estate market in the coming months is not entirely clear. It depends largely upon the degree to which these land offerings must be sold within a certain time period. At the present time it is common for the bid purchase price to fall considerably below the sellers' minimum acceptable level. If there are no financial pressures or other factors mandating the need to sell, current owners would not necessarily make price concessions; instead they may tend to retain ownership in hopes of improved price levels in the future. However, if a sizable portion of these for sale offerings require liquidation, then this could well mean an abnormally large amount of land being sold, creating further value declines. Time will tell which of these scenarios becomes a reality.

Farmland Sales Activity

Despite a buildup of land offerings, land ownership transfer activity during 1984 remained slow. Nearly half of the reporters (46 percent) believed the number of sales in 1984 were down from the previous year, which itself was considered a year of below normal sales (Table 7). Moreover, those who indicated a decrease in sales activity generally felt the decline was substantial -- averaging 32 percent. One out of four reporters indicated some increase in sales activity during 1984, up an average of 17 percent. Nearly one out of three reporters felt there was little or no change.

As for 1985, a very large majority of reporters expected sales activity to increase during the next year (Table 8). Most expected an increase of 15 to 20 percent in land sales. Obviously, many believe that at least part of the deferred sales activity of 1984 will, in fact, be consummated during 1985.

Moreover, the majority of respondents (83 percent) expected further declines in land values during 1985. Hence, it would appear that the expectation of greater farm real estate market activity are associated more with anticipated seller price concessions than with rising demand.

Characteristics of Actual Sales During 1984

On the basis of sales data collected and maintained by the Federal Land Bank of Omaha, general characteristics of farm real estate transfers can be identified. Some 1,300 bona fide sales were recorded for 1984. While the average size of transfer was about 240

Table 7. Survey Respondents' Estimates Of The Percent Change In The Number Of Nebraska Farmland And Ranchland Tracts Sold During The Past Year (Feb. 1, 1984 To Feb. 1, 1985).[a/]

	The Number Sold:		
	Increased	Decreased	Remained the Same
Proportion of Responses Reported...	25%	46%	29%
Average Percentage Change Reported[b/]	+17%	-32%	

a/ Source: 1985 Nebraska Farm Real Estate Market Survey.

b/ Percentage change relative to sales during previous 12-month period.

Table 8. Survey Respondents' Estimate Of The Expected Percentage Change In The Number Of Nebraska Farmland And Ranchland Tracts Which Will Be Sold During 1985.[a/]

	The Number To Be Sold Will:		
	Increase	Decrease	Remain the Same
Proportion of Responses Reported...	82%	1%	17%
Average Percentage Change Expected[b/]	+17%	-8%	

a/ Source: 1985 Nebraska Farm Real Estate Market Survey.

b/ Percentage change relative to sales during previous 12-month period.

acres, the range among regions was extreme (Table 9). Transfers in the East District averaged 125 acres in size, comprised primarily of cropland. In sharp contrast, parcels in the North District averaged over 900 acres in size and represented predominately rangeland. In every region, the dollar magnitude of the average transfer sale price remains sizable; in no region did the average price per tract fall below $130,000.

Even though land sales involving debt financing continue to be the most common method, the incidence of sales for cash has gradually increased in recent years. This data source indicated 27 percent of the farmland sales in 1984 were cash acquisitions as compared with 20 percent in 1983, 15 percent in 1982, and 9 percent in 1981. The cost of debt capital has, no doubt, contributed to this trend. Real interest rates at the current high levels in combination with declining land values makes debt leveraging today less desirable. In conjunction with these credit conditions, the buying side of the market has altered somewhat. Today's buyers are much more likely to be financially established and capable of outright purchase from their own equity capital base.

1985 Cash Rental Market

Reporters' estimates of 1985 cash rental rates for farmland showed some decline from a year earlier. In general, these rates were 10 to 15 percent below 1984 levels (Table 10 and Appendix Table 5).

A very consistent decline in cash rents on dryland cropland is evident across the State. On an average, the 1985 rates are about $6 per acre lower than a year ago or an 11 percent decline. The highest

Table 9. Characteristics Of Bona Fide Farmland Sales By Crop Reporting Districts In Nebraska, 1984.[a/]

Crop Reporting District	Average Size of Tract Sold	Percent of Acreage:			Average Price		Percent of Sales:	
		Cropland	Pasture	Other	Per Acre	Per Tract	For Cash	Where Debt Was Incurred
	Acres	Percent	Percent	Percent	Dollars	Dollars	Percent	Percent
Northwest...	345	52	46	2	413	142,500	14	86
North.....	909	14	86	0	184	167,300	31	69
Northeast...	142	75	18	7	956	135,800	29	71
Central.....	214	44	52	4	615	136,200	35	65
East.....	125	83	9	8	1360	170,000	19	81
Southwest...	307	48	50	2	483	148,300	20	80
South.....	162	63	34	3	867	140,500	32	68
Southeast...	146	75	18	7	905	132,100	27	73
STATE.....	239	49	47	4	608	145,300	26	74

[a/] Source: Sales data for 1984 collected by the Federal Land Bank Associations in Nebraska for the Federal Land Bank of Omaha. Approximately 1,300 observations were included.

Table 10. Reported Cash Rental Rates For Various Types Of Nebraska Farmland - 1985 Rates And Comparison With Year Earlier Levels.[a/]

Type of Land	Crop Reporting District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
	Dollars Per Acre							
Dryland Cropland:								
Average 1985 Rate...	b/	b/	55	38	65	26	40	50
Range of 1985 Rates.	b/	b/	30-75	20-50	45-80	20-40	30-50	35-70
Average 1984 Rate...	b/	b/	63	41	72	29	44	57
Gravity Irrigated Cropland:								
Average 1985 Rate...	91	90	89	105	99	80	103	98
Range of 1984 Rates.	80-100	80-100	80-110	80-125	80-120	60-100	75-130	80-125
Average 1984 Rate...	110	95	100	115	113	89	115	113
Center Pivot Irrigated Cropland:								
Average 1985 Rate...	b/	69	93	90	104	81	111	96
Range of 1985 Rates.	b/	40-100	80-105	70-115	80-125	65-95	80-125	80-120
Average 1984 Rate...	b/	81	99	101	118	80	120	114
Dryland Alfalfa:								
Average 1985 Rate...	b/	b/	50	44	59	28	42	40
Range of 1985 Rates.	b/	b/	40-65	20-55	40-85	20-35	30-50	25-65
Average 1984 Rate...	b/	b/	50	46	63	36	44	45
Irrigated Alfalfa:								
Average 1985 Rate...	b/	b/	74	80	87	b/	69	b/
Range of 1985 Rates.	b/	b/	50-85	60-120	60-120	b/	60-90	b/
Average 1984 Rate...	b/	b/	80	83	96	b/	84	b/
Other Hayland:								
Average 1985 Rate...	b/	b/	b/	38	38	b/	b/	28
Range of 1985 Rates.	b/	b/	b/	20-60	25-50	b/	b/	20-40
Average 1984 Rate...	b/	b/	b/	32	44	b/	b/	36
Pastureland (Per-Acre):								
Average 1985 Rate...	5	6	20	13	23	7	14	20
Range of 1985 Rates.	4-6	4-18	8-30	10-17	12-35	6-10	10-18	15-30
Average 1984 Rate...	6	8	23	16	23	9	16	23
	Dollars Per Anmal Unit/Mo.							
Average 1985 Rate...	12.20	12.70	12.90	13.00	12.80	13.60	13.80	13.60
Range of 1985 Rates.	10-14	10-16	12-15	7-17	11.15	10-15	10-20	9-18
Average 1984 Rate...	13.20	15.90	15.30	16.55	14.10	15.25	14.75	15.60

[a/] Reporters estimated cash rental rates from the annual Nebraska Farm Real Estate Market Survey.

[a/] Insufficient number of reports.

per acre cash rental rates for dry cropland continue to be located in the East District, averaging $65 per acre and ranging from $45 to $80.

In a similar pattern, average cash rental rates for irrigated land were reportedly lower in 1985. Generally, gravity irrigated land was being rented for rates about 10 percent below year-earlier levels. Rates for center pivot land showed greater variability among regions -- declining by as much as 15 to 16 percent in the North and Southeast Districts. Still, however, most irrigated cropland typically rents in the $90 to $110 range.

There are some apparent reasons for these trends in cropland cash rental rates. Reduced farm income levels and, in many areas, the increased availability of land to rent, have led to lower negotiated cash rents. Reporters have frequently noted that 1985 was a "tenant's market" in terms of bargaining position -- in sharp contrast to the "landlord's market" of just a few years ago. At the same time, there has been a growing preference among tenants (and their lenders) for share rental agreements over cash. By converting from cash to share rent, tenants can reduce some of the associated risk of yield and price variability. But also, tenants can reduce their cash flow obligations by sharing with their landlord(s) the expenses of certain purchased inputs such as, fertilizer, chemicals, seed, etc. Both of these factors are important when managing during difficult economic times.

Alfalfa land rates were also reported to be down in 1985, reflecting the relatively high beginning-year hay inventories. Also, the cutback of some alfalfa dehy plants has no doubt reduced competition in some localized markets.

Rates for pasture and rangeland in 1985 probably showed the

largest declines from year-earlier levels. On an animal-unit-month (A.U.M.) basis, 1985 rates average just under $13/A.U.M. as compared to over $15/A.U.M. in 1984; in other words, about a 15 percent decline. Average rates among the districts ranged from $12 to nearly $14/A.U.M., with a wide range of reported rates showing up in each part of the State. Recent cow herd liquidations and relatively abundant forage supplies have dampened these cash rental rates.

While cash rental rates have trended downward over the past few years, the percentage decline has generally been much less than the drop in land values. In most areas, the overall decrease from peak cash rent levels has been no more than 15 to 20 percent -- roughly half that of land value declines. Thus, annual cash rent as a percent of market value has been moving upward, as can be noted in Tables 11 and 12. Gross cash rents as a percent of 1985 values average 9.6 percent for irrigated land, 8.6 percent for dry cropland and 8.5 percent for grazing land. In each instance, these percentages are the highest of the 15-year series.

This implies improved cash flow positions for today's buyers assuming, of course, that (1) cash rents are a realistic proxy for returns to land and (2) these rental returns will not decline further in the immediate future. The following hypothetical example bears that out.

Assume a parcel of productive cropland was purchased in 1981 for $2000 per acre. In addition, assume a similar parcel of equal productivity was acquired in mid-1985 for $1050 per acre. The scenarios of earnings and net returns from these parcels are presented in Table 13. For the individual who bought land in 1981, net returns

Table 11. Reported Cash Rents And Ratios Of Rent-To-Value For Various Land Types In Nebraska, 3-Year Moving Averages, 1971-1985.[a/]

Time Period (3-Yr. Moving Average)	Irrigated Land		Dry Cropland		Grazing Land	
	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio
	Dollars	Percent	Dollars	Percent	Dollars	Percent
1971-73.....	42.70	8.7	19.30	7.4	5.00	5.6
1972-74.....	49.30	8.9	22.20	7.5	5.30	5.2
1973-75.....	58.30	8.8	25.10	7.3	6.30	5.4
1974-76.....	69.30	8.2	28.80	6.8	7.30	5.3
1975-77.....	79.30	7.7	32.40	6.5	8.30	5.1
1976-78.....	85.30	7.4	35.70	6.3	9.10	5.1
1977-79.....	89.70	7.3	40.60	6.2	9.70	5.0
1978-80.....	93.70	6.8	43.80	6.0	10.00	4.8
1979-81.....	100.70	6.6	47.20	5.8	10.40	4.5
1980-82.....	106.00	6.5	47.40	5.6	11.20	4.5
1981-83.....	108.50	6.8	51.20	6.0	12.00	4.7
1982-84.....	107.10	7.3	52.50	6.5	12.60	5.2
1983-85.....	104.30	8.4	52.80	7.7	12.80	6.6

[a/] Source: Based upon unpublished data collected annually by the Nebraska Crop and Livestock Reporting Service.

Table 12. Reported Cash Rents And Ratios Of Rent-To-Value For Various Land Types In Nebraska, 1971-1985.[a/]

Year	Irrigated Land		Dry Cropland		Grazing Land	
	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio	Rent Per Acre	Rent-To-Value Ratio
	Dollars	Percent	Dollars	Percent	Dollars	Percent
1971	38.00	8.3	17.10	7.1	4.40	5.4
1972	43.00	9.0	19.30	7.4	5.10	5.7
1973	47.00	8.8	21.60	7.7	5.40	5.6
1974	58.00	8.9	25.70	7.3	6.30	5.4
1975	70.00	8.6	28.00	7.0	7.20	5.3
1976	80.00	7.4	32.60	6.3	8.40	5.2
1977	88.00	7.2	36.60	6.4	9.20	4.9
1978	88.00	7.5	37.90	6.3	9.60	5.2
1979	93.00	6.9	47.20	6.0	10.20	5.0
1980	100.00	6.3	46.30	5.8	10.20	4.4
1981	109.00	6.5	48.20	5.7	10.70	4.2
1982	111.00	6.8	52.10	5.9	12.60	4.7
1983	106.00	7.1	53.40	6.6	12.90	5.1
1984[b/]	114.00	8.4	57.90	8.0	13.00	6.1
1985	93.00	9.6	47.00	8.6	12.40	8.5

[a/] Annual weighted state averages based upon unpublished data collected by the Nebraska Crop and Livestock Reporting Service.
[b/] Revised.

Table 13. Relationship Of Earnings And Net Returns To Nebraska Farmland: A Hypothetical Example.

ITEM	Year of Acquisition 1981	Mid-1985
Acquisition Price ($/AC)....	$2000	$1050
Net Landowner Rent ($/AC)[a/]		
1981.....	100	
1985.....	85	85
Net Rent-To-Value Ratio(%)		
1981.....	5.00%	
1985.....	4.25%	8.10%
Conventional Mortgage Payment ($/AC)[b/]		
1981.....	174	
1985.....	187	98
Before (Income) Taxes:		
Net Cash Flow($/AC)		
1981.....	-74	
1985.....	-102	-13
Portion of Mortgage Payment Covered by Net Returns(%)		
1981.....	57.5%	
1985.....	45.5%	86.7%
Return To Owner Equity(%)		
1981.....	-12.3%	
1985.....	-17.0%	-4.2%
After (Income) Taxes:[c/]		
Net Cash Flow ($/AC)		
1981.....	-1	
1985.....	-24	19
Portion of Mortgage Payment Covered by Net Returns(%)		
1981.....	99.4%	
1985.....	87.2%	119.3%
Return To Owner Equity(%)		
1981.....	-0.2%	
1985.....	-4.0%	8.4%

[a/] Gross rents per acre less landowner fixed costs.

[b/] Assuming 30% downpayment and a 30-year flexible-rate martgage at 12 percent interest in 1981 and 13 percent interest in 1985.

[c/] Assuming a 40% marginal tax bracket with deductions of property taxes ($15/AC x .40) and annual mortgage interest paid in the initial years of the repayment period.

initially were clearly inadequate to cover the mortgage interest and principal payment. Even when accounting for income tax deductions for mortgage interest and property taxes, the cash flow was $1 short of covering the mortgage payment. Hence, there was essentially no annual return to owner equity (down payment). BB 1985, this 1981 acquisition had deteriorated further as cash rents fell somewhat, while the mortgage interest rate moved from 12 percent to 13 percent. As a result, the net cash flow (before income taxes) fell more than $100 short of the mortgage payment, and the rate of return to owner equity (original down payment) was a -17 percent. Even after adjusting for the appropriate income tax deductions, the per acre returns still fell $24 short of the mortgage payment, implying an after-tax return to owner equity of -4 percent.

In sharp contrast, the mid-1985 acquisition of similar quality land for just $1050 per acre yields a much improved financial picture. Even though rents have declined somewhat the current net rent to value ratio is much higher than in 1981. As a result, under conventional financing, the cash flow after income tax adjustments exceeds the mortgage payment by $19 per acre. That amount represents an 8.4 percent return to owner equity.

It should be noted in this hypothetical analysis that tax adjustments are critical to the relative profitability of the investment. Without such factors, the returns still remain negative, even with a greatly reduced acquisition price. It is precisely this perspective which faces many farmers today since their taxable incomes have been sharply curtailed; the tax deductions associated with a real estate purchase are essentially rendered inoperative.

In short, the potential returns to owner equity of virtually

identical farmland parcels can vary dramatically, depending not only on the timing of acquisition but also on the marginal tax bracket of the buyer. As illustrated in the example above, the 1981 buyer who currently has no opportunity to claim income tax deduction sees an erosion of 17 percent of his equity per year due to cash flow shortfall, while the 1985 buyer in the 40-percent marginal tax bracket could experience an after-tax annual return to equity of 8.4 percent.

Such a dispersion may imply significant changes in the ownership and control of farm real estate in the years ahead. Unless the economic environment and federal tax policies change dramatically from current conditions, many of today's owners will be forced to liquidate part or all of their land holdings. Simultaneously, those who acquire these parcels could likely be investors with either established wealth or substantial income earnings from nonfarm sources. Over time, ownership patterns could shift toward a higher degree of separation between ownership and operatorship.

APPENDIX

Appendix Table 1. Farm Real Estate Values In Nebraska, USDA Historical Series, 1860-1985.[a/b/]

Year	Number of Farms	Land in Farms	Value of Land & Buildings		
			Per Acre	Per Farm	Total Value
	Thousand	Million Acres	Dollars	Thousand Dollars	Million Dollars
1860	2.8	1.0	6	1.4	6
1870	12.3	2.1	12	2.0	24
1880	63.4	9.9	11	1.7	106
1890	113.6	21.6	19	3.5	402
1900	121.5	29.9	19	4.8	578
1910	129.7	38.6	47	14.0	1,813
1911	129.2	39.0	48	14.4	1,864
1912	128.8	39.2	49	14.9	1,919
1913	128.2	39.5	50	15.4	1,974
1914	127.5	39.8	51	15.9	2,027
1915	126.9	40.3	50	15.9	2,017
1916	126.3	40.9	51	16.5	2,084
1917	125.8	41.5	54	17.8	2,240
1918	125.2	41.8	62	20.7	2,591
1919	123.1	41.9	71	23.8	2,978
1920	124.6	42.2	88	29.8	3,712
1921	125.1	41.9	82	27.5	3,439
1922	137.1	41.9	71	21.7	2,974
1923	126.6	42.1	68	22.6	2,860
1924	127.3	41.8	63	20.7	2,635
1925	127.5	42.1	60	19.8	2,524
1926	128.2	42.5	60	19.9	2,552
1927	128.5	43.2	58	19.5	2,505
1928	128.6	44.0	57	19.5	2,508
1929	128.9	44.3	57	19.6	2,526
1930	129.3	44.6	56	19.3	2,495
1931	129.9	45.0	52	18.0	2,338
1932	130.8	45.8	44	15.4	2,015
1933	132.0	46.0	35	12.2	1,609
1934	133.2	46.4	35	12.2	1,625
1935	134.0	46.9	34	11.9	1,594
1936	131.2	46.7	34	12.1	1,587
1937	128.5	47.4	32	11.8	1,516
1938	125.8	47.4	30	11.3	1,421
1939	123.6	46.8	28	10.6	1,310
1940	121.1	47.4	24	9.4	1,138
1941	119.2	48.2	22	8.9	1,061
1942	116.9	48.2	24	9.9	1,157
1943	115.6	47.5	27	11.1	1,283
1944	113.7	47.9	33	13.9	1,580
1945	111.4	47.6	37	15.8	1,760
1946	111.3	47.4	42	17.9	1,992
1947	110.1	48.0	47	20.5	2,257
1948	109.0	47.3	56	24.3	2,649
1949	108.0	47.2	62	27.1	2,927
1950	107.3	47.2	58	25.5	2,735

Appendix Table 1 (continued)

Year	Number of Farms	Land in Farms	Value of Land & Buildings		
			Per Acre	Per Farm	Total Value
	Thousand	Million Acres	Dollars	Thousand Dollars	Million Dollars
1951	105.4	47.4	66	29.7	3,131
1952	103.9	47.5	72	32.9	3,417
1953	102.5	47.3	75	34.6	3,548
1954	100.8	47.6	70	33.0	3,329
1955	95.8	47.5	73	35.1	3,469
1956	96.7	47.6	73	35.9	3,472
1957	94.6	48.0	72	36.5	3,454
1958	92.5	48.0	79	41.0	3,791
1959	90.6	47.5	86	45.1	4,084
1960	88.4	48.0	89	48.3	4,269
1961	86.4	47.8	90	49.8	4,302
1962	84.3	48.0	95	54.1	4,558
1963	82.2	47.6	97	56.2	4,617
1964	80.1	47.7	105	62.5	5,009
1965	78.9	47.8	111	67.2	5,301
1966	77.5	47.5	120	73.6	5,704
1967	76.2	47.0	132	81.2	6,188
1968	74.9	46.5	143	88.8	6,653
1969	73.6	46.3	150	94.3	6,940
1970	72.3	46.0	154	97.9	7,076
1971	70.3	45.9	157	102.6	7,210
1972	69.4	45.8	171	113.0	7,838
1973	68.3	46.3	193	130.7	8,935
1974	67.4	45.8	246	167.0	11,258
1975	67.0	47.9	282	201.6	13,508
1976	67.0	47.9	363	259.2	17,366
1977	66.0	47.8	420	304.1	20,070
1978	66.0	47.8	412	298.5	19,702
1979	65.0	47.7	525	385.3	25,043
1980	65.0	47.7	600	440.4	28,623
1981	65.0	47.7	660	484.3	31,482
1982	63.0	47.5	626	472.0	29,735
1983	62.0	47.4	563	430.4	26,686
1984	60.0	47.2	495	389.4	23,364
1985[c]	60.0	47.2	356	280.1	16,803

[a] Source: Farm Real Estate Historical Series Data: 1960-1970 and Farm Real Estate Market Developments Series, released by the U.S. Department of agriculture.

[b] Per acre values in recent years are based upon 1978 Census of Agriculture benchmark data with annual changes from that point based upon USDA indexes of change.

[c] Preliminary estimates.

Appendix Table 2. Average Reported Value Of Nebraska Farmland For Different Types Of Land By Crop Reporting District, 1978-1985.[a/]

Type of Land & Year	Crop Reporting District: Northwest	North	Northeast	Central	East	Southwest	South	Southeast	STATE[c/]
	Dollars Per Acre								
Dryland Cropland (No Irrigation Potential)									
1978...	289	253	648	319	817	360	468	660	492
1979...	317	319	813	397	1061	387	541	808	602
1980...	347	340	920	471	1296	454	626	971	702
1981...	419	346	1009	519	1409	546	754	1060	778
1982...	411	336	966	502	1325	522	752	988	742
1983...	387	321	864	450	1204	469	664	939	681
1984...	379	300	779	416	1129	444	653	840	632
1985...	325	237	643	340	905	365	474	612	501
Dryland Cropland (Irrigation Potential)									
1978...	409	387	741	590	1128	471	873	953	757
1979...	449	514	930	708	1411	520	1102	1152	926
1980...	533	565	1132	767	1733	628	1282	1352	1107
1981...	680	533	1225	880	1785	733	1432	1402	1192
1982...	658	535	1097	833	1665	685	1411	1268	1108
1983...	563	462	975	680	1462	654	1175	1160	979
1984...	507	441	911	638	1349	631	1050	1069	905
1985...	425	340	746	486	1013	504	705	723	684
Grazing Land (Tillable)									
1978...	177	191	433	299	549	215	465	433	248
1979...	186	229	521	347	701	259	479	574	288
1980...	200	261	583	395	760	307	621	643	328
1981...	251	257	622	435	881	332	697	636	357
1982...	248	248	605	422	824	317	710	654	348
1983...	198	234	571	405	739	315	555	589	315
1984...	187	233	500	325	661	285	519	521	289
1985...	146	180	392	259	510	205	339	357	218
Grazing Land (Nontillable)									
1978...	115	126	308	216	384	119	268	315	153
1979...	134	156	340	267	486	148	309	417	186
1980...	143	169	394	304	549	190	346	473	209
1981...	164	182	418	339	620	217	398	474	230
1982...	168	183	412	329	584	195	418	472	227
1983...	151	169	375	283	511	181	339	460	205
1984...	134	152	350	248	455	168	328	384	184
1985...	94	115	258	192	341	118	236	243	135
Hayland									
1978...	232	266	370	372	477	231	298	371	281
1979...	287	308	436	397	593	281	345	509	332
1980...	301	338	506	441	699	349	402	554	369
1981...	323	331	558	482	738	368	417	532	375
1982...	328	334	544	472	714	344	445	557	375
1983...	290	286	509	408	658	344	375	496	331
1984...	283	247	497	295	568	329	369	463	296
1985...	261	206	332	273	470	250	258	311	241

Appendix Table 2 (continued)

Type of Land & Year	Crop Reporting District								
	North-west	North	North-east	Central	East	South-west	South	South-east	STATE[c]
	Dollars Per Acre								
Gravity Irrigated Cropland									
1978...	1246	796	1030	1545	1624	1134	1412	1404	1410
1979...	1300	964	1289	1705	1910	1197	1746	1772	1638
1980...	1369	1020	1547	1976	2317	1329	2046	2026	1906
1981...	1555	1054	1781	2088	2403	1493	2230	2026	2030
1982...	1580	1033	1771	2053	2269	1598	2254	1924	1994
1983...	1361	1000	1430	1798	1969	1412	1872	1854	1737
1984...	1269	1020	1429	1613	1838	1250	1762	1639	1601
1985...	1042	817	1102	1304	1329	1010	1283	1171	1214
Center Pivot Irrigated Cropland[b]									
1978...	771	678	956	877	1484	813	1023	1286	947
1979...	915	770	1164	1076	1690	895	1291	1590	1114
1980...	894	886	1372	1223	2043	971	1535	1795	1272
1981...	973	816	1456	1312	2110	1105	1732	1900	1341
1982...	989	810	1332	1270	2010	1123	1681	1748	1293
1983...	847	769	1217	1016	1727	926	1391	1643	1130
1984...	809	698	1130	969	1655	827	1350	1465	1049
1985...	691	581	875	850	1243	691	1055	1020	833
All Land Average[c]									
1978...	279	201	674	608	1125	363	796	844	500[d]
1979...	307	244	836	699	1376	405	970	1044	597[d]
1980...	333	269	989	800	1670	472	1139	1215	695[d]
1981...	397	271	1077	865	1748	538	1268	1260	749[d]
1982...	396	269	1004	843	1643	527	1272	1173	720[d]
1983...	343	248	890	734	1475	480	1057	1099	642[d]
1984...	318	229	829	654	1341	442	990	989	588[d]
1985...	258	180	664	528	1007	347	706	689	450[d]

a/ February 1st estimates reported in the annual Nebraska Farm Real Estate Market Surveys.
b/ Pivot not included in per acre value.
c/ Weighted average.
d/ All land average for State may not conform to USDA series due to different acreage weighting.

Appendix Table 3. Deflated Indexes Of Nebraska Farmland Values And Percent Changes, 1960-1985.[a/b/]

Year	Index of Average Value/Ac. (1977=100)	GNP Price Deflator (1977=100)	Deflated Index of Average Value/Ac. (1977=100)[c/]	Year-to-Year Change in Index of Deflated Farmland Values[e/]
				Percent
1960	23	50.0	46.0	-
1961	23	50.4	45.6	- 0.9
1962	24	51.3	46.8	2.6
1963	24	52.2	46.0	- 1.7
1964	26	52.9	49.1	6.7
1965	28	54.0	51.9	5.7
1966	30	55.3	54.2	4.4
1967	33	57.2	57.7	6.5
1968	35	59.4	58.9	2.1
1969	37	62.1	59.6	1.2
1970	37	65.7	56.3	- 5.5
1971	38	69.0	55.1	- 2.1
1972	41	72.2	56.8	3.1
1973	47	75.3	62.4	9.9
1974	60	80.9	74.2	18.9
1975	70	89.8	78.0	5.1
1976	88	95.1	92.5	18.6
1977	100	100.0	100.0	8.1
1978	96	106.1	90.5	- 9.5
1979	120	115.9	103.5	14.4
1980	137	125.7	109.0	5.3
1981	151	138.7	108.9	- 0.1
1982	143	148.7	96.2	- 11.7
1983	129	155.6	82.9	- 13.8
1984	114	161.3	70.7	- 14.7
1985[d/]	82	167.7	48.9	- 30.8

[a/] Revised from series reported in earlier reports.
[b/] Refers to year ending March 1 for years prior to 1976; year ending February 1 for years 1976-1981; and year ending April 1 for years 1982-1985.
[c/] Computed by dividing the index of average value per acre by the GNP Price Deflator.
[d/] Preliminary estimate.
[e/] A positive value entry in this column represents a real increase in asset value for the year (e.e., the rate of land value appreciation exceeded the rate of inflation). Conversely, a negative value entry represents a real decrease in asset value.

Appendix Table 4. Average Reported Value Of Nebraska Farmland As Of February 1985 And Comparison With Peak Values For Different Types Of Land By Crop Reporting District.[a/b/]

Type of Land & Date	Crop Reporting District: North-west	North	North-east	Central	East	South-west	South	South-east	STATE[c/]
	-Dollars Per Acre-								
Dryland Cropland (No Irrigation Potential)									
Feb. 1985.....	325	237	643	340	905	325	474	612	501
Peak Yr. Value..	419	346	1009	519	1409	546	754	1060	778
% Decline.....	22%	31%	36%	34%	36%	33%	37%	42%	36%
Dryland Cropland (Irrigation Potential)									
Feb. 1985.....	425	340	746	486	1013	504	705	723	684
Peak Yr. Value..	680	565	1132	880	1785	733	1432	1402	1192
% Decline.....	37%	40%	34%	45%	43%	31%	51%	48%	43%
Grazing Land (Tillable)									
Feb. 1985.....	146	180	392	259	510	205	339	357	218
Peak Yr. Value..	251	261	622	435	881	332	710	654	357
% Decline.....	42%	31%	37%	40%	42%	38%	52%	45%	38%
Grazing Land (Nontillable)									
Feb. 1985.....	94	115	258	192	341	118	236	243	135
Peak Yr. Value..	168	183	418	339	620	217	418	474	230
% Decline.....	44%	37%	38%	43%	45%	46%	44%	49%	41%
Hayland									
Feb. 1985.....	261	206	332	273	470	250	258	311	241
Peak Yr. Value..	328	338	558	482	738	368	445	557	375
% Decline.....	20%	39%	41%	43%	36%	32%	42%	44%	36%
Gravity Irrigated Cropland									
Feb. 1985.....	1042	817	1102	1304	1329	1010	1283	1171	1214
Peak Yr. Value..	1580	1054	1781	2088	2403	1598	2254	2026	2030
% Decline.....	34%	22%	38%	38%	45%	37%	43%	42%	40%
Center Pivot Irrigated Cropland[c/]									
Feb. 1985.....	691	581	875	850	1243	691	1055	1020	833
Peak Yr. Value..	989	886	1456	1312	2110	1123	1732	1900	1341
% Decline.....	30%	34%	40%	35%	41%	38%	39%	46%	38%
All Land Average[d/]									
Feb. 1985.....	258	180	664	528	1007	347	706	689	450
Peak Yr. Value..	397	271	1077	865	1748	538	1272	1260	749
% Decline.....	35%	34%	38%	39%	42%	35%	44%	45%	40%

a/ Estimated values as reported in Farm Real Estate Market surveys conducted by Department of Agricultural Economics - UNL.
b/ In most instances, peak values occured in the 1980-81 period.
c/ Pivot not included in per acre value.
d/ Weighted average.

Appendix Table 5. Estimated Cash Rental Rates Of Nebraska Farmland For Different Types Of Land By Crop Reporting District, 1981-1985[a/]

Type of Land & Year	Crop Reporting District							
	North-west	North	North-east	Central	East	South-west	South	South-east
	Dollars Per Acre							
Dryland Cropland								
1981	b	b	60	43	68	35	38	55
1982	b	b	67	38	71	34	38	60
1983	b	b	63	43	66	25	41	57
1984	b	b	63	41	72	29	44	57
1985	b	b	55	38	65	26	40	50
Gravity Irrigated Cropland								
1981	b	b	107	114	114	97	117	115
1982	100	96	b	119	116	97	115	115
1983	93	95	b	110	111	92	110	112
1984	110	95	100	115	113	89	115	113
1985	91	90	89	105	99	80	103	98
Center Pivot Irrigated Cropland								
1981	b	71	117	102	118	91	126	119
1982	98	82	116	108	120	93	127	119
1983	90	86	101	100	114	83	117	116
1984	98	81	99	101	118	80	120	114
1985	b	69	93	90	104	81	111	96
Dryland Alfalf								
1981	b	b	53	47	56	31	45	45
1982	b	b	57	47	64	31	43	47
1983	b	b	56	43	64	32	43	50
1984	b	b	50	46	63	36	44	45
1985	b	b	50	44	59	28	42	40
Irrigated Alfalfa								
1981	b	b	88	92	96	b	90	b
1982	b	b	75	87	100	56	90	b
1983	b	b	78	89	105	70	84	b
1984	b	b	80	83	96	68	84	b
1985	b	b	74	80	87	b	69	b
Other Hayland								
1981	b	21	b	37	39	34	b	35
1982	b	18	b	30	b	b	b	34
1983	b	b	b	41	b	b	b	31
1984	b	b	b	32	44	29	b	36
1985	b	b	b	38	38	b	b	28
Pasture (Per Acre)								
1981	6	8	33	16	28	10	14	26
1982	5	9	31	15	22	9	16	24
1983	6	9	26	16	21	9	14	24
1984	6	8	25	16	23	9	16	23
1985	5	6	20	13	23	7	14	20
	Dollars Per Animal Unit/Mo.							
Pasture (Per Animal Unit/Mo.)								
1981	13.00	13.30	12.85	15.80	12.65	14.40	13.75	12.90
1982	13.00	12.50	15.25	15.95	13.85	16.00	15.00	14.95
1983	13.40	16.60	16.50	16.65	14.50	15.45	15.21	15.81
1984	13.20	15.90	15.30	16.55	14.10	15.25	14.75	15.60
1985	12.20	12.70	12.90	13.00	12.80	13.60	12.80	13.60

a/ Estimates of average rates as printed in the Nebraska Farm Real Estate Market Survey series.
b/ Insufficient number of reports.